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Some of the readers of this book will not indorse unqualifiedly this theory of rates, nor will they sympathize fully with the author's fondness for the cost-of-service principle. To them it may seem that he ignores the broader aspects of the railway problem,—that he fails to consider many of the excellent opportunities for the promotion of economic, political and social welfare which may be realized through the fixing of transportation rates. But whatever the reader's view upon that point may be, he cannot fail to recognize the substantial merits of the work, which is an exceptionally valuable addition to the literature of the railway problem.

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Problems in Railway Regulation. By HENRY S. HAINES. (New York: The Macmillan Company. 1911. Pp. 582. \$1.75.)

This is a thoughtful attempt to analyze the present tendencies of railway regulation in the United States. A semblance of perspective is given by the inclusion of loosely knit material on the history of transportation. It cannot be called a scholarly work, however, and evidences of a desire of book manufacture are abundant. There is, moreover, a lively attitude of defense against the regulatory encroachments of the Interstate Commerce Commission, and a certain hesitancy to express judgment at points—which one is not sure may not result from a desire to preach by implication rather than from scholarly modesty—both of which show bias in favor of a mere let-alone policy.

The book begins with a fair sketch of railway history, in which financial and traffic conditions are interestingly correlated with regulatory policies. The chapter on recent railway regulation might have been combined with the one on problems of rate-making with advantage in conciseness. In the rather ill-digested chapter on "Problems in Finance," the author assumes on pretty slight grounds that United States railways are not overcapitalized, and concludes that the great majority of dividends are reasonable for the reason, apparently, that most are under 8 per cent on the capital stock! He seems to believe that the federal government cannot control capitalization; and the chapter is an attempt to set forth a mass of legal and

economic difficulties. There is an interesting résumé of problems in construction, which emphasizes the cost and complexity of needed improvements. In the chapter on "Operation," the chief topic dealt with is accidents and safety appliances, and the story is so told as to imply that the interference of the public hindered the adoption of adequate safety devices. The chapter on "Rates" has as its burden the argument that the margin between cost per traffic unit and revenue per unit is decreasing, and that net earnings are to be kept up by increased density of traffic. This thesis is supported by very shaky statistical methods, notably an allocation of joint expenses on the sole basis of revenue and an exaggeration of the statistics for the years 1908-1909. Some injustice is done to those who would emphasize cost in rate-making; for at one point the author argues that if such a principle were put into effect, the rates on the same classes of freight would vary so greatly on different lines that confusion and discrimination would result, which argument overlooks the fact that a single (marginal) rate would have to prevail, whatever the basis; and again (p. 444), he says that "the prevailing conception" that rates should yield a revenue which would give a normal profit on capital overshadows in the minds of cost adherents the idea of reasonableness and justice as between persons, whereas there is really no inconsistency here: one idea deals with aggregate revenue, the other with particular units of revenue.

As to the Interstate Commerce Commission's policy, Mr. Haines' conclusions are: (1) that a virtual petrification of tariffs is the result of the present rate-making basis, and (2) that, while current earnings may be applied to improvements, such betterments cannot be capitalized for further profit.

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NEW BOOKS

ALBERTY, I. M. *Der Ubergang zum Staatsbahnsystem in Preussen. Seine Begründung, seine Durchführung und seine Folgen.* (Jena: Fischer. 1911. Pp. 359, tables. 8 m.)

BENNETT, E. *The post office and its story.* (London: Seeley Service Co. 1911. Pp. 356. 5s.)